

**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Set Public Hearing for April 18, 2012, to Consider Adopting Resolution Setting Pre-Approved Engineering News Record Adjustment Index for Wastewater Rates for Residential, Commercial and Industrial Customers

MEETING DATE: March 21, 2012

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Set public hearing for April 18, 2012, to consider adopting resolution setting pre-approved Engineering News Record Adjustment Index for wastewater rates for residential, commercial and industrial customers.

BACKGROUND INFORMATION: City Council approved wastewater rate increases of 25 percent effective July 16, 2009; 20 percent effective July 1, 2010; 10 percent effective July 1, 2011; and 5 percent effective July 1, 2012. Also, the City Council approved an Engineering News Record – 20 Cities Average (ENR) based indexing of wastewater rates beginning with FY 2012/13. A Proposition 218 procedure was conducted that validated these actions.

Staff has regularly updated the Wastewater Utility Financial Plan with the assistance of The Reed Consulting Group, Inc., of Sacramento. A copy of the current Financial Plan is attached as Exhibit A. The recommended rate adjustments in the Financial Plan are 5 percent beginning July 1, 2012, and an estimated ENR-based indexing of 3 percent beginning July 1, 2013. The rates for this next year, attached as Exhibit B, reflect an increase of 3 percent, which is lower than the 5 percent previously approved by Council. The rate increase for this past year was 5 percent, lower than the 10-percent increase anticipated in 2009.

FISCAL IMPACT: Increased revenues to the wastewater utility are required to keep up with cost of service increases and new mandated costs.

FUNDING AVAILABLE: Not applicable.


F. Wally Sandelin
Public Works Director

FWS/pmf
Attachments
cc: Information Systems Manager
Deputy Public Works Director – Utilities

APPROVED: 

Konradt Bartlam, City Manager

City of Lodi -- Wastewater Utility
Financial Plan Summary

	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
								3%	3%
WASTEWATER OPERATING FUND (170)									
Beginning Balance	3,407,000	4,065,272	5,695,794	5,672,916	5,231,638	4,005,960	3,927,882	3,536,304	3,472,226
Revenues									
Wastewater Sales	13,308,990	13,735,000	14,175,000	14,629,000	15,097,000	15,580,000	16,078,000	16,592,000	17,123,000
Infrastructure Replacement	-	-	-	-	-	-	-	-	-
Interest Earnings	20,540	91,000	155,000	185,000	201,000	158,000	155,000	141,000	139,000
Other Revenues	165,000	170,500	176,000	181,500	187,000	192,500	198,000	203,500	210,100
Transfer In for Debt Service (172)		54,000	67,000	81,000	94,000	94,000	94,000	94,000	94,000
Transfer In for Debt Service (173)	1,865,000	1,495,000	14,000	83,000	98,000	113,000	129,000	297,000	415,000
Transfer From/(To) Rate Stabilization Fund (174)									
Total Revenues	15,359,530	15,545,500	14,587,000	15,159,500	15,677,000	16,137,500	16,654,000	17,327,500	17,981,100
Expenditures									
Transfer Out to Gen'l Fund (Cost of Services)	1,451,478	1,451,478	1,451,478	1,451,478	1,451,478	1,451,478	1,451,478	1,451,478	1,451,478
Transfer Out to WW Capital Outlay (171)	1,000,000	1,000,000	1,500,000	2,200,000	3,200,000	2,200,000	2,700,000	2,700,000	3,700,000
Transfer Out To WW Cap. Rsrv. (172)	750,000								
Administration & Other	1,619,450	1,356,500	1,313,400	1,361,300	1,411,200	1,463,100	1,517,100	1,573,100	1,632,100
Plant Maintenance	4,349,290	4,522,000	4,701,000	4,887,000	5,080,000	5,282,000	5,492,000	5,712,000	5,941,000
Sanitary System Maintenance	678,880	703,000	729,000	755,000	782,000	810,000	840,000	870,000	901,000
Storm Drainage Maintenance	698,120	726,000	755,000	785,000	817,000	850,000	885,000	921,000	958,000
Industrial System Maintenance	37,040	38,000	39,000	40,000	41,000	42,000	43,000	44,000	45,000
2003 Wastewater COP Debt Service	379,000	381,000	377,000	378,000	378,000	377,000	376,000	378,000	379,000
2004 Wastewater COP Debt Service	2,139,000	2,138,000	2,140,000	2,140,000	2,135,000	2,134,000	2,127,000	2,125,000	2,129,000
2007 Wastewater COP Debt Service	1,599,000	1,599,000	1,604,000	1,603,000	1,607,000	1,606,000	1,614,000	1,617,000	1,609,000
Total Expenditures	14,701,258	13,914,978	14,609,878	15,600,778	16,902,678	16,215,578	17,045,578	17,391,578	18,745,578
Ending Balance	4,065,272	5,695,794	5,672,916	5,231,638	4,005,960	3,927,882	3,536,304	3,472,226	2,707,748
Operating Reserve (25%)	3,238,000	3,229,000	3,277,000	3,350,000	3,426,000	3,504,000	3,586,000	3,673,000	3,761,000
Available Balance	827,272	2,466,794	2,395,916	1,881,638	579,960	423,882	(49,696)	(200,774)	(1,053,252)
Debt Service Coverage (min. = 1.20)	1.26	1.47	1.44	1.49	1.54	1.58	1.63	1.67	1.72
without COST	1.61	1.82	1.79	1.84	1.90	1.93	1.98	2.02	2.07
WASTEWATER CAPITAL OUTLAY (171)									
Beginning Balance	5,353,090	3,999,662	3,979,662	627,662	665,662	328,662	1,964,662	1,291,662	3,357,662

	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Revenues									
Transfer In (from 170)			500,000	1,500,000	2,500,000	1,500,000	2,000,000	2,000,000	3,000,000
Transfer In (from 170-Deprec.)	1,000,000	1,000,000	1,000,000	700,000	700,000	700,000	700,000	700,000	700,000
Other Revenue	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-	-	-	-
Total Revenues	1,000,000	1,000,000	1,500,000	2,200,000	3,200,000	2,200,000	2,700,000	2,700,000	3,700,000
Expenditures									
Capital Projects					-	-	-	-	-
Financial Planning	27,179	-	-	-	-	-	-	-	-
Vacumm Truck Engine Repl				-	-	-	-	-	-
Replacement Vehicle 04-003				-	-	-	-		-
Replacement Vehicle 04-137			-	-	-		-		-
Replacement Vehicle 04-083 & 04-041	62,500								
Install CARB particulate filters	15,000								
Storm Imprv									
Misc. System Relocations	102,000	38,000	39,000	41,000	43,000	44,000	46,000	48,000	50,000
Misc. Wastewater Taps	65,000	43,000	45,000	47,000	49,000	51,000	53,000	55,000	57,000
Collect. System Capac. Enhanc. Projects		22,000	225,000	23,000	243,000	25,000	263,000	27,000	285,000
Wastewater Main Replac./Lining Proj.	1,500,000	108,000	2,250,000	117,000	2,433,000	127,000	2,632,000	137,000	2,847,000
Storm Drain Trash Handling System		54,000	562,000	35,000	365,000				
Lift Sta. Remote Term. Unit Replac.		22,000					-		-
Fats, Oils, and Grease Program				-			-		-
Replace 04-95 Vacuum Truck				-	-		-		-
Decommission Fleet Service Shop				-			-		-
Munic. Service Center PBX Replac.	1,000	-			-	-	-	-	-
Munic. Service Center Parking Reconstr.	73,000				-		-	-	-
Lift Station Generator Replacements	74,000	108,000		58,000					
Vehicles and Other Equipment	150,000	162,000	169,000	175,000	182,000	190,000	197,000	205,000	213,000
White Slough Compliance Studies & Rpts	164,000								
Plant Maint. & Land Applic. Area Improv.		-		-					-
Irrigation Improvements - WSWPCF	100,000						-		-
Primary Chain & Flights		75,000	75,000	75,000	75,000		-		-
Boiler Retube	19,749			20,000			-		-

	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Headworks Ventilation Upgrade		30,000							
Equalization Pond Check Valve		15,000							
Maintenance Shop Rollup Doors		15,000							
Boiler System Inline Water Conditioner		15,000							
Roadway Improvements		50,000		50,000			50,000		
Fence Repairs/Upgrades		25,000	25,000		25,000			25,000	
Anaerobic Digester Painting		130,000							
Pond Lining Project			1,350,000	1,404,000					
Plant Security Enhancements									
Miscellaneous Future Projects		108,000	112,000	117,000	122,000	127,000	132,000	137,000	142,000
Total Expenditures	2,353,428	1,020,000	4,852,000	2,162,000	3,537,000	564,000	3,373,000	634,000	3,594,000
Ending Balance	3,999,662	3,979,662	627,662	665,662	328,662	1,964,662	1,291,662	3,357,662	3,463,662

	PV 11-12	PV 12-13	PV 13-14	PV 14-15	PV 15-16	PV 16-17	PV 17-18	PV 18-19	PV 19-20
Restricted Debt Service Reserve	2,395,103	2,395,156	2,395,156	2,395,156	2,395,156	2,395,156	2,395,156	2,395,156	2,395,156
2007 COP Proceeds (w/ fiscal agent)	299,003	299,003	299,003	299,003	299,003	299,003	299,003	299,003	299,003
Cash Deficit (amt. owed for past DS)	63,053								

IMF WASTEWATER FACILITIES (173)

Beginning Balance	2,172,523	724,523	13,523	82,523	97,523	112,523	128,523	297,140	415,140
Revenues									
Wastewater IMF	397,000	770,000	333,000	346,000	360,000	375,000	390,000	405,000	421,000
Wastewater IMF from PCE/TCE & WTP									
Interest Earnings	33,000	14,000		2,000	3,000	4,000	4,000	10,000	15,000
Total Revenues	430,000	784,000	333,000	348,000	363,000	379,000	394,000	415,000	436,000
Expenditures									
Transfer Out (to 170 for Debt Service)	1,865,000	1,495,000	14,000	83,000	98,000	113,000	159,000	297,000	415,000
Transfer Out (to 172 for past Debt Service)									
Transfer Out (refund PCE/TCE IMF)			250,000	250,000	250,000	250,000	96,383		
Capital Projects									
Decommission Old Fleet Services Shop									
City-Wide IMF Program Update	13,000								
Total Expenditures	1,878,000	1,495,000	264,000	333,000	348,000	363,000	225,383	297,000	415,000
Ending Balance	724,523	13,523	82,523	97,523	112,523	128,523	297,140	415,140	436,140
Owed to Fund 170 for Debt Service		370,000	2,223,000	4,007,000	5,775,000	7,527,000	9,263,000	10,832,000	12,282,000

WW Rate Stabilization Fund (174)[illegible]

FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
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Ending Balance

Aggregate End-of-Year Balance	11,984,000	12,883,000	9,577,000	9,189,000	7,641,000	9,215,000	8,319,000	10,439,000	9,802,000
Operating Reserve (25%)	3,238,000	3,229,000	3,277,000	3,350,000	3,426,000	3,504,000	3,586,000	3,673,000	3,761,000
Restricted DS Reserve	2,332,103	2,395,156	2,395,156	2,395,156	2,395,156	2,395,156	2,395,156	2,395,156	2,395,156
2007 COP Proceeds	299,003	299,003	299,003	299,003	299,003	299,003	299,003	299,003	299,003
Rate Stabilization Fund	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Net Available for Capital Projects	5,614,894	6,459,841	3,105,841	2,644,841	1,020,841	2,516,841	1,538,841	3,571,841	2,846,841

City of Lodi -- Wastewater Utility Financial Plan Assumptions									
	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Financial Assumptions									
General Inflation	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Labor Inflation	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
Material/Energy Inflation	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Construction Inflation	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Interest Earnings	1.5%	2.0%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%
Cust. Growth (SSUs)			50	51	52	53	54	55	56
Wastewater Mitigation Impact Fee	\$ 6,140	\$ 6,390	\$ 6,650	\$ 6,920	\$ 7,200	\$ 7,490	\$ 7,790	\$ 8,100	\$ 8,420

Exhibit B
City of Lodi -- Wastewater Utility
Current and Proposed Wastewater Rates

	Current	July 2012
Residential		
Percent Increase		3
Flat Rates (\$/month)		
1 Bedroom	\$ 24.47	\$ 25.20
2 Bedroom	\$ 32.62	\$ 33.60
3 Bedroom	\$ 40.78	\$ 42.00
4 Bedroom	\$ 48.93	\$ 50.40
5 Bedroom	\$ 57.09	\$ 58.80
6 Bedroom	\$ 65.24	\$ 67.20
7 Bedroom	\$ 73.40	\$ 75.60
Usage-Based Rates		
Service Charge (\$/month)	\$ 22.28	\$ 22.95
Usage Charge (\$/CCF) (1)	\$ 2.53	\$ 2.61
Non-Residential (\$/month)		
Moderate Strength (per SSU)	\$ 32.62	\$ 33.60
High Strength		
Flow (per MG, annual basis)	\$ 3,303.25	\$ 3,402.35
BOD (per 1,000 lbs, annual basis)	\$ 545.12	\$ 561.47
SS (per 1,000 lbs, annual basis)	\$ 340.84	\$ 351.07
Srease Interceptor & Septic Holding Tank		
Waste within City Limits (per 1,000 gal.)	\$ 288.63	\$ 297.29
Septic (only) Holding Tank Waste		
Outside City Limits (per 1,000 gal.)	\$ 612.73	\$ 631.11
Disposal to Storm Drain System (per MG)	\$ 303.18	\$ 312.28

Notes:

(1) Winter water usage determined as average monthly usage from December through February.



*Please immediately confirm receipt
of this fax by calling 333-6702*

CITY OF LODI
P. O. BOX 3006
LODI, CALIFORNIA 95241-1910

ADVERTISING INSTRUCTIONS

**SUBJECT: PUBLIC HEARING TO CONSIDER ADOPTING RESOLUTION
SETTING PRE-APPROVED ENGINEERING NEWS RECORD
ADJUSTMENT INDEX FOR WASTEWATER RATES FOR
RESIDENTIAL, COMMERCIAL, AND INDUSTRIAL CUSTOMERS**

PUBLISH DATE: SATURDAY, MARCH 24, 2012

LEGAL AD

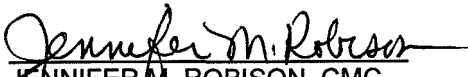
TEAR SHEETS WANTED: One (1) please

**SEND AFFIDAVIT AND BILL TO:
LNS ACCT. #0510052**

RANDI JOHL, CITY CLERK
City of Lodi
P.O. Box 3006
Lodi, CA 95241-1910

DATED: THURSDAY, MARCH 22, 2012

**ORDERED BY: RANDI JOHL
CITY CLERK**


JENNIFER M. ROBISON, CMC
ASSISTANT CITY CLERK

MARIA BECERRA
ADMINISTRATIVE CLERK

Verify Appearance of this Legal in the Newspaper – Copy to File

LNS	Faxed to the Sentinel at 369-1084 at _____ (time) on _____ (date) _____ (pages)
	Phoned to confirm receipt of all pages at _____ (time) _____ CF _____ MB _____ JMR (initials)



DECLARATION OF POSTING

PUBLIC HEARING TO CONSIDER ADOPTING RESOLUTION SETTING PRE-APPROVED ENGINEERING NEWS RECORD ADJUSTMENT INDEX FOR WASTEWATER RATES FOR RESIDENTIAL, COMMERCIAL, AND INDUSTRIAL CUSTOMERS

On Thursday, March 22, 2012, in the City of Lodi, San Joaquin County, California, a Notice of Public Hearing to consider adopting resolution setting pre-approved Engineering News Record adjustment index for wastewater rates for residential, commercial, and industrial customers (attached and marked as Exhibit A) was posted at the following locations:


Lodi Public Library
Lodi City Clerk's Office
Lodi City Hall Lobby
Lodi Carnegie Forum

I declare under penalty of perjury that the foregoing is true and correct.

Executed on March 22, 2012, at Lodi, California.

ORDERED BY:

**RANDI JOHL
CITY CLERK**


JENNIFER M. ROBISON, CMC
ASSISTANT CITY CLERK

MARIA BECERRA
ADMINISTRATIVE CLERK



CITY OF LODI

Carnegie Forum
305 West Pine Street, Lodi

NOTICE OF PUBLIC HEARING

Date: April 18, 2012

Time: 7:00 p.m.

For information regarding this notice please contact:

Randi Johl

City Clerk

Telephone: (209) 333-6702

EXHIBIT A

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on **Wednesday, April 18, 2012**, at the hour of 7:00 p.m., or **as soon thereafter** as the matter may be heard, the City Council will conduct a public hearing at the Carnegie Forum, 305 West Pine Street, Lodi, to consider the following matter:

- a) **Resolution setting pre-approved Engineering News Record adjustment index for wastewater rates for residential, commercial, and industrial customers (as identified on the attached Exhibit A).**

Information regarding this item may be obtained in the Public Works Department, 221 West Pine Street, Lodi, (209) 333-6706. All interested persons are invited to present their views and comments on this matter. Written statements may be filed with the City Clerk, City Hall, 221 W. Pine Street, 2nd Floor, Lodi, 95240, at any time prior to the hearing scheduled herein, and oral statements may be made at said hearing.

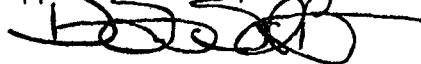
If you challenge the subject matter in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice or in written correspondence delivered to the City Clerk at, or prior to, the public hearing.

By Order of the Lodi City Council:


Randi Johl
City Clerk

Dated: March 21, 2012

Approved as to form:



D. Stephen Schwabauer
City Attorney

**City of Lodi -- Wastewater Utility
Current and Proposed Wastewater Rates**

	Current	July 2012
Residential		
Percent Increase		3
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1 Bedroom	\$ 24.47	\$ 25.20
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Usage-Based Rates		
Service Charge (\$/month)	\$ 22.28	\$ 22.95
Usage Charge (\$/CCF) (1)	\$ 2.53	\$ 2.61
Non-Residential (\$/month)		
Moderate Strength (per SSU)	\$ 32.62	\$ 33.60
High Strength		
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